

## **EXHIBIT C**

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Heidi Percy  
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Snohomish County, WASH  
Case Number: 24-2-02887-31

SUPERIOR COURT OF WASHINGTON FOR SNOHOMISH COUNTY

PACIFIC WATER TECHNOLOGY, LLC,  
SPRUCE WATERS INVESTMENTS, LLC,  
INDIANA WATER TECHNOLOGY, LLC,  
AR WATER SUPPLY, LLC, BLC WATER  
COMPANY, GRANITE STREET  
VENTURES, LLC, RUMSON WELLNESS,  
LLC,

Plaintiffs,

v.

RYAN R. WEAR and REBECCA A. SWAIN,  
and the marital community comprised thereof,  
CREATIVE TECHNOLOGIES, LLC d/b/a  
WATERSTATION TECHNOLOGY, WST  
FRANCHISE SYSTEMS, LLC, WATER  
STATION MANAGEMENT, LLC, KEVIN  
NOONEY and ELIZABETH NOONEY, and  
the marital community comprised thereof,  
REFRESHING USA LLC, SUMMIT  
MANAGEMENT SERVICES, LLC, IDEAL  
PROPERTY INVESTMENTS, LLC,  
REFRESHING CALIFORNIA L.L.C.,  
REFRESHING MONTANA, LLC,  
REFRESHING MID-ATLANTIC, LLC,  
REFRESHING CAROLINES, LLC,  
REFRESHING GREAT LAKES, LLC,  
WATERSTATION FINANCE COMPANY,  
LLC, REFRESHING GEORGIA, LLC,  
CREATIVE TECHNOLOGIES FLORIDA,  
LLC, REFRESHING FLORIDA, LLC, 2129  
ANDREA LANE, LLC, 3209 VAN BUREN  
LLC, ICE & WATER VENDORS, LLC,

24-2-02887-31

No.

COMPLAINT FOR DAMAGES AND  
INJUNCTIVE RELIEF

IDEAL INDUSTRIAL PARK, LLC, IDEAL  
AZ PROPERTY INVESTMENTS, LLC, K-2  
ACQUISITION, LLC, EMERY  
DEVELOPMENT, LLC, ARIZONA WATER  
VENDORS INCORPORATED, WST AZ  
PROPERTIES LLC, 1118 VIRGINIA  
STREET, LLC, 11519 SOUTH PETROPARK,  
LLC, TCR PLUMBING, LLC, 3422 W  
CLARENDON AVE LLC, 1206 HEWITT  
AVE, LLC, WATERSTATION  
TECHNOLOGY II, LLC, PISTOL, INC.,  
SMOKEY POINT HOLDINGS, LLC, 602  
SOUTH MEAN, LLC,

Defendants.

Pacific Water Technology, LLC, Spruce Waters Investments, LLC, Indiana Water Technology, LLC, AR Water Supply, LLC, BLC Water Company, Granite Street Ventures, LLC, and Rumson Wellness, LLC (“Plaintiffs”) by and through their undersigned attorney, John T. Bender of Corr Cronin LLP, for their Complaint against Defendants Ryan Wear and Rebecca A. Swain, and the marital community comprised thereof, Creative Technologies, LLC, WST Franchise Systems, LLC, Water Station Management, LLC, and Kevin Nooney and Elizabeth Nooney, and the marital community comprised thereof, and the various other Entity Defendants identified in ¶¶22-51 below (“WST” or “Defendants”), allege as follows:

#### NATURE OF ACTION

1. This suit arises out of Defendants’ fraud, civil conspiracy, violations of the Securities Act of Washington and Washington’s Consumer Protection Act, and other serious misconduct.

2. WST, under the direction and control of Defendant Ryan Wear, has raised over \$150 million for investment in what WST touted as a growing and profitable water manufacturing and distribution business.

1       3. WST predominantly raised these funds by using the small business lending  
2 system to its advantage, sourcing the funds from small or regional banks who issued loans to  
3 WST's investors. WST induced Plaintiffs and hundreds of other investors to invest on the  
4 basis of false and misleading assurances about the security and profitability of the  
5 investments, and the nature and scope of WST's assets, growth, liquidity, and operations.

6       4. WST told investors that the capital sourced from banks would be used to  
7 purchase water dispensary machines that would be installed at retail locations throughout the  
8 U.S. WST told investors that each machine would generate steady monthly returns ranging  
9 from 12-20%. WST assured Plaintiffs that the revenues generated from their machines would  
10 offset the monthly payments necessary to service their loans.

11      5. In all Ponzi schemes, at some point the organizer stops making payments, and  
12 weaves a complex web of lies to keep investors at bay. In late 2022 and early 2023, WST  
13 stopped making the monthly revenue payments it had assured Plaintiffs they would receive  
14 and that would offset the monthly loan payments. Dating back to the outset of the investment,  
15 WST has also concealed the true facts from investors to keep them from asserting their rights.

16      6. As it turns out, most if not all of WST's assurances have been false, misleading,  
17 or both. WST has engaged in a deliberate pattern of activity to conceal the true state of its  
18 operations and the reasons for its persistent shortfall of cash. While Defendants had long  
19 touted that it had over 17,000 revenue-generating locations throughout the country, the  
20 number of machines in operation is actually far lower. And Plaintiffs' investigation has  
21 revealed problematic transactions involving real property assets held by Defendant Wear's  
22 many LLCs. Plaintiffs have strong reason to believe that time is limited before all of WST's  
23 assets are drained or dissipated completely.

24      7. Every victim of investment fraud faces financial catastrophe; but the double-  
25

1       edged nature of this catastrophe makes the harm especially pronounced. Plaintiffs, like many  
2       others, have lost all or part of their savings—and the cessation of payments has meant the  
3       lack of funds to service the loans WST induced them to obtain. Thus far, the lenders have  
4       made clear that, regardless of their own role or participation in facilitating WST's fraud, they  
5       intend to collect on the loans and will even pursue Plaintiffs' personal property if necessary.  
6

7       8.       The position Plaintiffs have been placed in is simply unconscionable. Plaintiffs  
8       have been severely damaged by WST and others—and their injuries are continuing.  
9       Defendants have robbed Plaintiffs of their financial security and have put them at great risk  
9       of losing their homes.

10      9.       Accordingly, Plaintiffs now bring this action to hold WST accountable, to  
11       recover their investments and other monetary damages to which they are entitled, and to seek  
12       all available equitable and or injunctive relief that this Court deems necessary and appropriate.  
13

#### PARTIES

14      10.      Pacific Water Technology, LLC, is a limited liability registered in Washington  
15       and an investor in WST.

16      11.      Spruce Waters Investments, LLC, is a limited liability company registered in  
17       Florida and an investor in WST.

18      12.      Indiana Water Technology, LLC, is a limited liability company registered in  
19       Indiana and an investor in WST.

20      13.      AR Water Supply, LLC, is a limited liability company registered in Texas and  
21       an investor in WST.

22      14.      BLC Water Company, is a limited liability company registered in Nevada and  
23       an investor in WST.

1       15. Granite Street Ventures, LLC, is a limited liability company registered in  
2 California and

3       16. Rumson Wellness, LLC, is a limited liability company registered in New Jersey  
4 and an investor in WST.

5       17. Ryan Wear and his marital community reside in Snohomish County,  
6 Washington. He is a principal, owner, managing agent, and/or control person of various entity-  
7 Defendants named in this action. At all times relevant herein, Defendant Wear acted for the  
8 benefit of his marital community.

9       18. Creative Technologies, LLC, d/b/a WaterStation Technology, upon  
10 information and belief, is a limited liability company owned and controlled by Defendant  
11 Wear and his marital community.

12       19. WST Franchise Systems, LLC, upon information and belief, is a Washington  
13 limited liability company owned and controlled by Defendant Wear and his marital  
14 community.

15       20. Water Station Management, LLC, upon information and belief, is a  
16 Washington limited liability company owned and controlled by Defendant Wear and his  
17 marital community.

18       21. Kevin Nooney, upon information and belief, resides in King County,  
19 Washington, and is married to Elizabeth Nooney. At all relevant time, Defendant Nooney  
20 acted for the benefit of his marital community.

21       22. Refreshing USA LLC, upon information and belief, is a limited liability  
22 company owned and controlled by Defendant Wear and his marital community.

23       23. Summit Management Services, LLC, upon information and belief, is a limited  
24 liability company owned and controlled by Defendant Wear and his marital community.  
25

1       24. Ideal Property Investments, LLC, upon information and belief, is a limited  
2 liability company owned and controlled by Defendant Wear and his marital community.  
3

4       25. Refreshing California L.L.C. upon information and belief, is a limited liability  
5 company owned and controlled by Defendant Wear and his marital community.  
6

7       26. Refreshing Montana, LLC, upon information and belief, is a limited liability  
8 company owned and controlled by Defendant Wear and his marital community.  
9

10      27. Refreshing Mid-Atlantic, LLC, upon information and belief, is a limited liability  
11 company owned and controlled by Defendant Wear and his marital community.  
12

13      28. Refreshing Carolinas, LLC, upon information and belief, is a limited liability  
14 company owned and controlled by Defendant Wear and his marital community.  
15

16      29. Refreshing Great Lakes, LLC, upon information and belief, is a limited liability  
17 company owned and controlled by Defendant Wear and his marital community.  
18

19      30. WaterStation Finance Company, LLC, upon information and belief, is a limited  
20 liability company owned and controlled by Wear and his marital community.  
21

22      31. Refreshing Georgia LLC, upon information and belief, is a limited liability  
23 company owned and controlled by Defendant Wear and his marital community.  
24

25      32. Creative Technologies Florida, LLC, upon information and belief, is a limited liability  
26 company owned and controlled by Defendant Wear and his marital community.  
27

28      33. Refreshing Florida LLC, upon information and belief, is a limited liability  
29 company owned and controlled by Defendant Wear and his marital community.  
30

31      34. 2129 Andrea Lane, LLC, upon information and belief, is a limited liability  
32 company owned and controlled by Defendant Wear and his marital community.  
33

34      35. 3209 Van Buren LLC, upon information and belief, is a limited liability  
35 company owned and controlled by Defendant Wear and his marital community.  
36

1       36. 602 South Mean LLC, upon information and belief, is a limited liability  
2 company owned and controlled by Defendant Wear and his marital community.

3       37. Ice & Water Vendors LLC, upon information and belief, is a limited liability  
4 company owned and controlled by Defendant Wear and his marital community.

5       38. Ideal Industrial Park LLC, upon information and belief, is a limited liability  
6 company owned and controlled by Defendant Wear and his marital community.

7       39. Ideal AZ Property Investments, LLC, upon information and belief, is a limited  
8 liability company owned and controlled by Defendant Wear and his marital community.

9       40. K-2 Acquisition, LLC, upon information and belief, is a limited liability  
10 company owned and controlled by Defendant Wear and his marital community.

11       41. Emery Development, LLC, upon information and belief, is a limited liability  
12 company owned and controlled by Defendant Wear and his marital community.

13       42. Arizona Water Vendors Incorporated, upon information and belief, is a limited  
14 liability company owned and controlled by Defendant Wear and his marital community.

15       43. WST AZ Properties, LLC, upon information and belief, is a limited liability  
16 company owned and controlled by Defendant Wear and his marital community.

17       44. 1118 Virginia Street, LLC, upon information and belief, is a limited liability  
18 company owned and controlled by Defendant Wear and his marital community.

19       45. 11519 South Petropark, LLC, upon information and belief, is a limited liability  
20 company owned and controlled by Defendant Wear and his marital community.

21       46. TCR Plumbing LLC, upon information and belief, is a limited liability  
22 company owned and controlled by Defendant Wear and his marital community.

23       47. 3422 W Clarendon Ave, LLC, upon information and belief, is a limited liability  
24 company owned and controlled by Defendant Wear and his marital community.

48. 1206 Hewitt Ave LLC, upon information and belief, is a limited liability company owned and controlled by Defendant Wear and his marital community.

49. WaterStation Technology II, LLC, upon information and belief, is a limited liability company owned and controlled by Defendant Wear and his marital community.

50. Pistol, Inc., upon information and belief, is a Wyoming corporation owned and controlled by Defendant Wear and his marital community.

51. Smokey Point Holdings, LLC, upon information and belief, is a limited liability company owned and operated by Defendant Wear and his marital community.

## **JURISDICTION AND VENUE**

52. This Court has subject matter jurisdiction pursuant to RCW 2.08.010.

53. Venue in this Court is appropriate pursuant to RCW 4.12.025 and RCW 4.12.010.

## **FACTUAL ALLEGATIONS**

#### A. Wear created WST in or about 2013.

54. Defendant Wear formed Creative Technologies or “WaterStation Technology” WST in 2013. Defendant Wear subsequently organized other limited liability companies to operate various arms of the same business, while overseeing all operations and activities. He formed Water Station Management in 2016. He formed WST Franchise Systems in 2017. These companies have repeatedly become delinquent with the Washington Secretary of State.

55. Defendant Wear is a prolific organizer of LLCs. Plaintiffs' investigation has identified over 57 active LLCs, at least 20 of which in other states. Many are related to WST's business or hold other valuable assets, which, upon information and belief, are potential sources of recovery in this action. Wear formed WaterStation Technology II in late 2023.

1           **B. Wear and WST induced consumers to invest based upon false and misleading**  
2           **assurances about the security and profitability of the opportunity.**

3           56.      Dating back to at least 2017, WST has carried out a national campaign that  
4           successfully induced hundreds of people to invest in unregistered securities that WST marketed  
5           and sold as franchise opportunities.

6           57.      WST employed a number of tactics to solicit and induce Plaintiffs and hundreds  
7           of other people to invest in unregistered securities.

8           58.      WST's solicitations were carefully tailored to appeal to a broad range of  
9           potential investors, who for the most part had no prior experience in managing or investing in  
10           the type of business at issue. WST was able to take advantage of this investor base because they  
11           relied on WST's – and others' – superior knowledge and expertise with respect to how to  
12           structure and operate the investment.

13           59.      WST made false and misleading assurances to Plaintiffs and other investors  
14           that led them to believe that the investment would be more secure and profitable than it truly  
15           was.

16           60.      Among other things, WST touted itself as a "fast growing manufacturer" of  
17           "revolutionary" and "cutting edge" water dispensary machines. WST claimed that "creating the  
18           greatest returns" for investors was its "first priority." WST claimed that it operated a growing  
19           and profitable network of machines installed at retail locations throughout the U.S. and that it  
20           was uniquely positioned to capitalize on the multi-billion dollar water distribution industry.

21           61.      WST led Plaintiffs and other investors to believe that the heart of its business  
22           was its "patent pending" technology for providing consumers "healthy, alkaline, ionized water"  
23           "at a fraction of the cost of its bottled counterpart." WST assured investors that the combination  
24           of its proprietary technology and custom "business models" created a "low overhead, cash flow  
25           positive business with great, long-term growth potential."

**ADVANCED PURIFICATION TECHNOLOGY**

The diagram illustrates the six stages of purification:

- SEDIMENT FILTRATION:** Removes Sediment such as Rust, Dust, Clay and Pipe Residues.
- CARBON FILTRATION:** Eliminates Chemicals such as Chlorine, Solvents, Pesticides and various Organic Compounds.
- REVERSE OSMOSIS:** Removes all Metals, Arsenic, Pharmaceuticals, Lead, Mercury, other Solids as well as 99.9% of Bacteria.
- FINAL POLISHING:** A Carbon Polishing Filter assures the Cleanest, Freshest, Best Tasting Water possible.
- ULTRA-VIOLET LIGHT:** Sanitizes.
- ALKALINE MINERALIZED:** Restores Minerals and Balances PH.

**GREAT TASTING, FRESHLY PURIFIED WATER, 24 HOURS A DAY!**

The WST-700 is a state-of-the-art water dispensing system that purifies drinking water to a very high standard and then percolates it through layers of natural minerals to produce a soft, silky water in one, three and five gallon increments.

**ADVANCED TELEMETRY**

Real-time remote monitoring reports cash and credit card sales as well as the status of system components.

Dimensions: 72" H x 37" W x 29" D

**THREE FILL-UP SIZES 1, 3, 5, GALLON**

**EASILY ACCESSIBLE FOR WIDE VARIETY OF CONTAINERS**

**CASH/COIN CREDIT/DEBIT MOBILE PAY**

**ENGAGING INFORMATIONAL LCD SCREEN**

WaterStation Technology, LLC  
2732 Grand Avenue, Suite 122  
Everett, WA 98201

Product of the U.S.A.  
(877) 475 7717  
[WaterStationTechnology.com](http://WaterStationTechnology.com)

62. WST led investors to believe that, if they invested, they would receive steady returns ranging between 12-20% disbursed in regular monthly payments for the life of the investment. WST assured investors they would be able to monitor the performance of their machines through applications and reports that would enable them to track every detail. WST touted to investors a “guaranteed buyback” of their machines in order to “mitigate risk” and

“improve ROI.” WST also assured investors that it was “SBA approved” and that it had “financial institutions that we’ve worked with in securing loans for investors.”

The screenshot shows the WaterStation Technology website. At the top, a blue header bar reads "FRANCHISE OPPORTUNITIES" and "WaterStation Technology". Below the header is a large image of a smiling woman holding a glass of water. A navigation bar at the bottom of the main content area includes "ABOUT", "VIDEOS", and "TESTIMONIALS". To the right, a sidebar titled "FRANCHISE COSTS, FEES & FACTS" contains various business details:

- REQUEST INFO**
- Minimum Cash on Hand Required:** \$89,250
- Total Investment:** \$297,500 - \$1,000,000
- Financing Available:** WaterStation Technology is SBA approved and we have financial institutions that we've worked with in securing loans for investors.
- Number of Units:** 2,000+ Units Sold
- Business Type:** Business Alliance Owner; Passive Ownership Model
- Year Founded:** 2013
- Part-Time / Full-Time:** Both

**Be a part of the \$11 billion+ U.S. bottled water market with our Alkaline Water Vending Business Opportunity.**

The only vending machine that turns local tap water into healthful alkaline, ionized water at a fraction of the cost of bottled alkaline water. Since our WaterStation™ machines use local water, you never have to restock them or keep an inventory of bottled water. With no franchise fee and no royalties, this business opportunity can produce a huge ROI. We offer multiple WaterStation™ package sizes to fit most budgets.

Our family of bottle-less WaterStations™ purify water to the highest standard and then percolate it through a series of natural minerals. Healthy, clean water is dispensed in any volume, from a five-ounce cup to a five-gallon jug.

How Investors Benefit:

12% on investment

We have been running this program since 2017. Throughout this time, we have adjusted compensation from projections and feedback. Investors now receive 12% of their investment price annually.

63. At bottom, Plaintiffs and other investors were assured that, in exchange for their investment, they would receive a turnkey business with low overhead and positive cash flow that would generate steady revenues each month. WST assured them that they would receive valuable rights and services in exchange for investing in its purported franchise opportunities. WST assured them that it would assist install and service revenue-generating machines. WST assured Plaintiffs that it would be the sole supplier of WaterStation machines and parts. WST

1 also guaranteed investors that if they were ever dissatisfied with the investment it would  
2 reimburse them for 100% of their principal. These assurances, of course, were false or  
3 misleading or both.

4 64. To amplify its reach to investors all over the country, WST invested heavily in  
5 internet marketing and entered into commission agreements with investment advisors and  
6 business brokers. Under the commission agreements, brokers stood to receive commissions  
7 ranging between 2% and 10% of every dollar they sourced to WST. In many cases these  
8 arrangements were not disclosed. WST's sophisticated marketing strategy created multiple  
9 referral streams from which WST successfully converted new investment capital on the basis  
10 of these and other false and misleading representations.

11 **C. WST raised over \$150 million sourced through consumer business loans that WST  
12 induced investors to obtain and collateralize with their personal assets.**

13 65. Upon information and belief, WST's fundraising efforts on the basis of the  
14 above assurances were remarkably successful. Upon information and belief, WST raised over  
15 \$150 million through individual small business loans that it induced investors to obtain and  
16 collateralize with their personal assets. WST also guided Plaintiffs and other investors to obtain  
17 these loans from banks of WST's choosing, who ultimately paid the funds directly to WST.

18 66. The following table summarizes the principal amounts invested by Plaintiffs  
19 based on WST's false and misleading assurances about the security and profitability of the  
20 investment and the reliability of WST's operations:

Name	Principal Investment	Lending Bank(s)
Spruce Waters Investments, LLC	\$994,500	Celtic Bank
Indian Water Technology, LLC	\$3,323,500	Celtic Bank, First Federal

1	AR Water Supply, LLC	\$3,272,500	Celtic Bank
2	Pacific Water Technology, LLC	\$3,172,000	First Federal
3	BLC Water Company, LLC	\$1,003,000	First Federal
4	Granite Street Ventures, LLC	\$3,017,000	Community Bank/Fountainhead Bank
5	Rumson Wellness, LLC	\$1,200,000	Community Bank/Fountainhead Bank
6			
7			
8			

9       67.     Indeed, in soliciting new investments, WST guided Plaintiffs and other investors  
 10 to banks with whom WST had remarkably close ties, including banks that, upon information  
 11 and belief, had extended credit directly to WST itself.<sup>1</sup>

12       68.     Plaintiffs, like hundreds of other investors, were led to believe that the security  
 13 and profitability of an investment in WST justified pledging their personal assets as collateral  
 14 for the loans. WST assured investors that the monthly revenue payments from the water  
 15 machines would more than offset the monthly expense of servicing these loans. Without  
 16 question, WST was the ultimate beneficiary of these loans as the banks transferred the funds  
 17 directly to WST, bypassing investors completely.

18                   **D. While structured as franchise transactions, WST offered and sold unregistered  
 19 securities and violated the law in a myriad of ways.**

20       69.     WST's successful fundraising efforts by facilitating hundreds of small business  
 21 loans for investors from partner banks were made possible by the fact that WST structured the

22  
 23       <sup>1</sup> Upon information and belief, WST had preexisting relationships with First Federal and Celtic Bank and  
 24 had secured financing itself directly from these banks in the past. The full nature and extent of WST's relationship  
 25 with these and other banks, and the bank's role and potential economic motive in facilitating Plaintiffs' small  
 business loans, will be fully explored in discovery. Plaintiffs further reserve the right to amend their complaint in  
 this action to add any applicable third parties.

1 investments, at least superficially, as the sale of franchise opportunities. WST also leveraged  
2 the fact that the investor pool it targeted lacked prior experience in both franchising and small  
3 business loans. While WST branded the investment as the sale of a “franchise opportunity”  
4 coupled with investor bank loans as a funding source, this consolidated transaction in reality  
5 constituted the illegal offer and sale of an unregistered security.

6       70.     The purported legal documentation accompanying the investments WST offered  
7 generally consisted of a so-called “*purchase order*” for a certain number of machines, coupled  
8 with a so-called “*franchise agreement*” and a so-called “*service agreement*. ” Under the service  
9 agreements, WST purported to agree to help install and service the investor’s machines during  
10 the term of the investment and remit monthly revenue payments to investors in exchange for a  
11 share of the profits. WST’s material misrepresentations and omissions also induced Plaintiffs  
12 and other investors to enter into loan agreements and security instruments with banks with ties  
13 to WST. The execution of these various documents – the agreements with WST and the banks  
14 – constituted a single unregistered securities transaction. Moreover, the agreements themselves  
15 were fraudulently induced and, in some cases, illusory.

16       71.     In connection with these securities transactions, WST also provided investors  
17 and others lists of the machines they purportedly purchased with the borrowed funds. Based on  
18 Plaintiffs’ investigation, WST in some cases sold the same machines to multiple investors and  
19 the number of machines WST actually had in operation is far lower than the figures previously  
20 touted.

21       72.     In addition to selling unregistered securities, WST violated securities laws in a  
22 myriad of other ways, including by providing investment advice to investors though it was not  
23 a registered investment advisor in Washington. WST also failed to screen prospective investors  
24 to ensure they were qualified to make the investment.

1       73. Furthermore, WST was never “SBA approved.” WST misled investors about the  
2 returns they would receive. WST misled Plaintiffs about the number of machines it had  
3 purchased, the location of the machines, and how long it would take until they were in operation.  
4 Despite touting franchise opportunities and signing franchise agreements, WST did not function  
5 like or provide the services of a franchisor. In many cases, WST never furnished the promised  
6 training, software, specifications and standards, or even an operations manual. WST never had  
7 valuable patent rights in its proprietary technology. WST misled Plaintiffs that they would have  
8 access to real time reporting on the performance of their machines through WST’s “Cloud  
9 Portal” and timely and accurate “User Earnings Reports” – and when such information was  
10 purportedly provided it was dysfunctional, inaccurate, and incomplete. WST was not the sole  
11 manufacturer of the machines or parts. WST misled Plaintiffs and other investors about the  
12 number of revenue-generating machines that were actually in operation and in some cases sold  
13 the same equipment to two or more borrowers. Upon information and belief, WST furnished  
14 false documents. Creating the highest “investor returns” was never WST’s first priority.

15       74. Upon information and belief, in addition to the false and misleading  
16 representations outlined above, WST made the following non-exclusive list of material  
17 omissions that induced Plaintiffs and many other investors to invest:

- 18           a. WST did not disclose that it was not a registered financial advisor in Washington  
19                   or any other state;
- 20           b. WST did not disclose that Plaintiffs were purchasing unregistered securities;
- 21           c. WST did not disclose that WST Franchise Systems, the alleged franchisor, in  
22                   reality provided no value or services;

- 1                   d. WST did not disclose the true risk that the water machines would not generate  
2                   sufficient cash flow to cover expenses let alone the costs to service the loans it  
3                   induced investors to take;
- 4                   e. WST did not disclose the truth about its ability to manufacture, service, and  
5                   place the machines;
- 6                   f. WST did not disclose that the “guaranteed buyback” was actually contingent on  
7                   the generating sufficient cash flow to fulfill the guaranty or that it could not fill  
8                   all requests at a particular point in time;
- 9                   g. WST did not disclose the truth about how investor funds would be used or that  
10                  it was unable to meet its payment or reimbursement obligations to investors;
- 11                  h. WST otherwise did not disclose the true risks of the undertaking and actual  
12                  conditions on the ground;
- 13                  i. WST did not disclose that the number of revenue-generating machines in  
14                  operation was far lower than advertised;
- 15                  j. WST did not disclose that it sold the same machines to multiple investors; and
- 16                  k. WST also did not disclose that it encountered liquidity shortages as well as other  
17                  performance factors that inhibited its ability to actually deliver on the many  
18                  assurances to investors.

19                  75. The misrepresentations and omissions alleged herein created a false sense that  
20                  the investments were safer and more profitable than was actually the case. Plaintiffs relied on  
21                  Defendants representations and omissions and were not aware of the true facts and risks when  
22                  they decided to invest. Plaintiffs would not have invested but for these misrepresentations and  
23                  omissions.

1           **E. WST has not paid investors in months and has deliberately concealed the truth –**  
2           **in a case that presents all of the hallmarks of a Ponzi scheme.**

3           76.       In connection with their investments, Plaintiffs were promised monthly revenue  
4           payments of tens of thousands of dollars – which they were told would offset the costs to service  
5           the loans that they were induced to take. These assurances were obviously material to their  
6           decision to invest. As of the filing of this Complaint, WST has been delinquent on payments  
7           for many, many months—in some cases over a year. WST has showed no intention or ability  
8           of resuming payments at any point in the future.

9           77.       After most payments stopped in late 2022 and early 2023, WST initially misled  
10          investors further by convincing them it would “buyback” the machines on the basis of additional  
11          false and misleading assurances about WST’s ability to perform; this, of course, never occurred.  
12          WST has repeatedly sent false and misleading correspondence to investors to further the  
13          deception. Plaintiffs in this case were ultimately forced to expend tens of thousands of dollars  
14          to engage legal counsel to investigate WST. The information they have uncovered to date paints  
15          a grim picture that WST is nothing more than a Ponzi scheme.

16           78.       WST has engaged in a pattern and practice of concealing the true facts from  
17          Plaintiffs and other investors—facts that, had they been disclosed, would have alerted investors  
18          to assert their legal rights. Defendants have repeatedly and continuously failed to provide  
19          investors with material information necessary for them to protect their interest—even after  
20          promising the requested information would be transparent and forthcoming. Where WST has  
21          supplied Plaintiffs and other investors with information, the information has been false or  
22          misleading at best, and designed to deceive Plaintiffs and other investors about the condition of  
23          WST, the recoverability of their investments, and the prospect that critical monthly payments  
24          will resume. In reality, WST’s efforts to deceive Plaintiffs have, on information and belief, been  
25          ongoing since Plaintiffs first invested and continue to present day.

79. Upon information and belief, WST's concerted effort to keep Plaintiffs and other investors at bay have been designed to prevent them from asserting their rights for as long as possible.

80. WST and Wear are currently under investigation by Washington's Department of Financial Institutions. The company is insolvent. While taking active steps to mislead investors, Wear and WST have been engaging in a variety of transactions involving its assets that threaten to permanently prejudice the rights and interests of Plaintiffs and other investors. Among other things, in recent months Wear has engaged in a variety of real property transactions such as granting security interests for debts apparently owed by his other related entities, quit claiming property between his various entities, and even creating a new entity WaterStation Technology II—ostensibly to launch a new company to carry on the same business free of creditors.

81. Plaintiffs now bring this action, to seek to recover their funds and all other available legal and equitable remedies, including without limitation equitable subordination, piercing of the corporate veil, and disgorgement or “clawing back” of funds diverted to other persons or entities or for personal gain.

## **CAUSES OF ACTION**

## **FIRST CAUSE OF ACTION**

## **VIOLATIONS OF CHAPTER 21.20 RCW**

82. Plaintiffs reallege and incorporate all allegations of this Complaint.

83. The transactions Plaintiffs were induced to enter into with WST and the banks constituted unregistered securities under Washington law. WST, Wear and Nooney's offer and sale to Plaintiffs of the franchise opportunities described herein constitute securities transactions under Washington law.

1       84. As alleged herein, WST, Wear and Nooney made untrue statements of material  
2 fact and/or omitted to state a material fact necessary in order to make the statements made, in  
3 light of the circumstances under which they are made, not misleading. In addition, WST  
4 employed devices, schemes, and artifices to defraud Plaintiffs and have engaged in acts,  
5 practices, and a course of conduct that operates as a fraud or deceit upon Plaintiffs in  
6 connection with the subject transaction(s) and after.

7       85. WST, Wear and Nooney's statements, assurances, and omissions alleged  
8 herein induced Plaintiffs to apply for SBA loans and other financing from WST's hand-picked  
9 banks. Later, WST concealed their misconduct and induced Plaintiffs to delay seeking the  
10 full return of their funds and otherwise assert their legal rights. WST is responsible for  
11 perpetuating a continuing fraud and misrepresentation. Upon information and belief, WST  
12 worked in concert with and/or were aided and abetted by third parties.

13       86. Among other things, and without limitation, WST, Wear and Nooney induced  
14 Plaintiffs to borrow money to purchase the alleged franchise opportunities based upon false  
15 or misleading assurances about the profitability and safety of the investments—as well as the  
16 nature and scope of WST's assets, growth, and operations. WST also induced Plaintiffs to  
17 enter into purported written agreements with WST and third parties (such as Celtic Bank,  
18 First Federal Bank, and UniBank) that are void on account of WST's fraud and should be  
19 rescinded for WST's failure to register. Plaintiffs reincorporate the express statements and  
20 omissions set forth above that induced Plaintiffs and other investors to invest, and maintain  
21 their investments, and every other material misrepresentation and omissions alleged herein,  
22 as well as those that will be identified in discovery.

23       87. WST made the false or misleading statements and or omissions to induce  
24 Plaintiffs to invest and or with reason to expect that Plaintiffs would act or refrain from acting.  
25

1 In addition, WST's acted with no intention to perform, without care or concern about whether  
2 performance would occur, and/or made the statements or omissions in reckless disregard of  
3 ascertaining the truth or falsity. WST's statements and omissions were material. WST, Wear,  
4 and Nooney sold unregistered securities and acted as unregistered securities brokers, advisors,  
5 and sales persons, and violated the suitability rule under RCW 21.20.

6 88. WST, Wear and Nooney's untrue statements and/or omissions induced  
7 Plaintiffs to invest in the securities at issue, and maintain their investments, or put off taking  
8 action to protect themselves, causing Plaintiffs to suffer damages in an amount to be proven  
9 at trial.

10 89. WST, Wear and Nooney acted knowingly or recklessly in that, among other  
11 things, they failed to ascertain and disclose the true facts to Plaintiffs even though those facts  
12 were available to Defendants. Plaintiffs actually and justifiably relied upon the statements  
13 and omissions made by Defendants in investing in WST and maintaining their investments in  
14 WST.

15 90. WST, Wear, and Nooney, and potentially other third parties, are primarily,  
16 secondarily, and jointly and severally liable for their acts and omissions, as applicable, and  
17 for the offer and sale of unregistered securities. Plaintiffs are entitled to all rights and remedies  
18 provided by Washington law and RCW 21.20, including, without limitation, rescission and  
19 return of their investment funds, legal and equitable subordination, together with interest,  
20 costs, and reasonable attorneys' fees. To the extent required, Plaintiffs hereby tender back to  
21 WST all securities purchased.

## **SECOND CAUSE OF ACTION**

## **FRAUD / FRAUDULENT INDUCEMENT /**

## **FRAUDULENT CONCEALMENT / CONTINUING FRAUD**

91. Plaintiffs reallege and incorporate all allegations of this Complaint.

92. WST, Wear, and Nooney made untrue statements of material fact and/or omitted to state a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading. In addition, WST, Wear, and Nooney employed devices, schemes, and artifices to defraud Plaintiffs and have engaged in acts, practices, and a course of conduct that operates as a fraud or deceit upon Plaintiffs in connection with the subject transaction(s) and after.

93. WST, Wear, and Nooney’s statements, assurances, and omissions induced Plaintiffs to apply for SBA loans and other financing from Defendants’ hand-picked banks. Later, Defendants concealed their misconduct and induced Plaintiffs to delay seeking the full return of their funds and otherwise assert their legal rights. Upon information and belief, WST, Wear, and Nooney committed a continuing fraud and misrepresentation and fraudulent concealment. Upon information and belief, WST, Wear, and Nooney worked in concert with and/or were aided and abetted by third parties.

94. Among other things, and without limitation, Defendants induced Plaintiffs to enter into alleged franchise transactions based upon false or misleading assurances about the profitability and safety of the investments. WST, Wear, and Nooney also induced Plaintiff to enter into purported written agreements with WST and third parties that are void on account of WST, Wear, and Nooney's fraud. Plaintiffs reincorporate the express statements and omissions set forth above that induced Plaintiffs and other investors to invest, and maintain

1           their investments, and every other material misrepresentation and omissions alleged herein,  
2           as well as those that will be identified in discovery.

3           95. Plaintiffs reincorporate the statements and omissions set forth above that  
4           induced Plaintiffs and other investors to invest, and maintain their investments, and every  
5           other material misrepresentation and omissions alleged herein, as well as those that will be  
6           identified in discovery.

7           96. WST, Wear, and Nooney made the false or misleading statements and or  
8           omissions to induce Plaintiffs to take out significant SBA loans and other financing from their  
9           hand-picked banks with reason to expect that Plaintiffs would act or refrain from acting. WST  
10          acted with no intention to perform, without care or concern about whether performance would  
11          occur, and or they made the statements or omissions in reckless disregard of ascertaining the  
12          truth or falsity. Plaintiffs had a right to rely and justifiably relied on WST, Wear, and  
13          Nooney's statements and omissions. WST, Wear, and Nooney's statements or omissions were  
14          material to Plaintiffs' decision to invest or maintain their investments and (a) WST, Wear,  
15          and Nooney purported to have special knowledge of the matter that Plaintiffs lacked, (b)  
16          WST, Wear, and Nooney stood in a fiduciary relation or other similar relation of trust and  
17          confidence to Plaintiffs, (c) WST, Wear, and Nooney successfully secured the confidence of  
18          Plaintiffs, and or (d) the circumstances were such that WST, Wear, and Nooney should have  
19          expected that Plaintiffs would rely on and expect WST, Wear, and Nooney to carry out such  
20          statements. Later, WST concealed their misconduct and induced Plaintiffs to delay seeking  
21          the full return of their funds and otherwise assert their legal rights. WST is responsible for  
22          perpetuating a continuing fraud and misrepresentation.

23           97. WST, Wear, and Nooney's untrue statements and or omissions induced  
24          Plaintiffs to invest in the securities at issue, and maintain their investments, or put off taking  
25

action to protect themselves, causing Plaintiffs to suffer damages in an amount to be proven at trial.

98. WST, Wear, and Nooney are jointly and severally liable for their acts and omissions, as applicable, and as alter egos. Plaintiffs are entitled to all rights and remedies provided by Washington law, including, without limitation, rescission and return of their investment funds, legal and equitable subordination, together with interest, costs, and reasonable attorneys' fees.

### **THIRD CAUSE OF ACTION**

## **VIOLATION OF WASHINGTON CONSUMER PROTECTION ACT**

99. Plaintiffs reallege and incorporate all allegations of this Complaint.

100. WST, Wear, and Nooney engaged in unfair or deceptive acts or practices in offering and selling securities in the state of Washington, as well as after the point of sale.

101. WST, Wear, and Nooney's unfair or deceptive acts or practices occurred in trade or commerce.

102. WST, Wear, and Nooney's unfair or deceptive acts or practices affect the public interest. WST, Wear, and Nooney's unlawful practices continue to this day. Upon information and belief, Defendants worked in concert with and/or were aided and abetted by third parties.

103. Plaintiffs have been injured in their business and property, as WST accepted Plaintiffs' funds and have failed to repay Plaintiffs the funds invested and otherwise deal with them in a fair and non-deceptive manner after the subject transactions were executed. WST, Wear, and Nooney's unfair or deceptive acts or practices are ongoing and are a proximate cause of Plaintiffs' injuries. Later, WST concealed their misconduct and induced Plaintiffs to

delay seeking the full return of their funds and otherwise assert their legal rights. WST is responsible for perpetuating a continuing fraud and misrepresentation.

104. WST, Wear, and Nooney have committed per se violations of RCW 19.86.

105. Plaintiffs have been damaged in an amount to be proven at trial. Plaintiffs are entitled to an award of attorneys' fees and costs and treble damages pursuant to RCW 19.86.090.

## **FOURTH CAUSE OF ACTION**

## **BREACH OF FIDUCIARY DUTY**

106. Plaintiffs reallege and incorporate all allegations of this Complaint.

107. Through their statements and conduct, WST, Wear, and Nooney assumed fiduciary duties to Plaintiffs with respect to their investments.

108. Among other things, WST, Wear, and Nooney knew or should have known that Plaintiffs relied on their special knowledge and expertise.

109. WST, Wear, and Nooney breached their fiduciary duties to Plaintiffs proximately causing them harm.

110. Plaintiffs have been damaged in an amount to be proven at trial. Plaintiffs are entitled to all remedies under Washington law on account of WST, Wear, and Nooney's breach of fiduciary duties.

## **FIFTH CAUSE OF ACTION**

## **NEGLIGENCE MISREPRESENTATION**

111. Plaintiffs reallege and incorporate all allegations of this Complaint.

112. WST, Wear, and Nooney misrepresented material facts to Plaintiffs in order to induce Plaintiffs to invest funds.

113. WST, Wear, and Nooney knew or should have known that the information was supplied to guide Plaintiffs in the business transactions.

114. Defendants, directly or through their agents, were negligent in communicating the false information. Upon information and belief, WST, Wear, and Nooney worked in concert with and/or were aided and abetted by third parties.

115. Plaintiffs reasonably relied on the false information, which induced Plaintiffs to enter into the transactions, and the false information caused damages to Plaintiffs in an amount to be proven at trial. Plaintiffs are also entitled to injunctive, declaratory, and equitable relief against WST, Wear, and Nooney.

## **SIXTH CAUSE OF ACTION**

## **CIVIL CONSPIRACY / AIDING AND ABETTING**

116. Plaintiffs reallege and incorporate all allegations of this Complaint.

117. Upon information and belief, Defendants developed a plan or scheme to engage in the acts and omissions alleged herein, Defendants combined to accomplish an unlawful purpose and/or a lawful purpose by unlawful means. Defendants committed overt acts in furtherance of this scheme as alleged herein.

118. Defendants further entered into express or implied agreements to accomplish the object of said conspiracy. Upon information and belief, Defendants worked in concert with and/or were aided and abetted by third parties.

119. Defendants are jointly and severally liable to Plaintiffs for damages and attorneys' fees and costs, in an amount to be proven at trial. Plaintiffs are entitled to all legal and equitable remedies by virtue of Defendants' conspiracy.

## **SEVENTH CAUSE OF ACTION**

## **VIOLATION OF CHAPTER 19.40 RCW**

120. Plaintiffs reallege and incorporate all allegations of this Complaint.

121. Upon information and belief, Defendants have engaged in one or more transactions with themselves, affiliates, or third parties without fair consideration or reasonably equivalent value, and to hinder, delay, or secrete funds away from Plaintiffs, who are creditors of Defendants and who are entitled to repayment.

122. Defendants were not paying their debts, were insolvent at the time and/or became insolvent as a result of such transfer.

123. Such transaction(s) were undertaken with the requisite "intent" for purposes of  
RCW 19.40.041 and .051.

124. The transfers of assets alleged herein were voidable transfer under Ch. 19.40  
RCW and thus should be voided to the extent necessary to satisfy Plaintiffs' claims.

125. Plaintiffs seek all available remedies under Chapter 19.40 RCW, including, without limitation:

- a. Money damages for the value of the asset transferred in the amount necessary to satisfy Plaintiffs' claims in an amount to be proven at trial;
  - b. Avoidance of the transfer to the extent necessary to satisfy Plaintiffs' claims;
  - c. Attachment or any other provisional remedy against the asset transferred or other property of the transferee as available under applicable law;
  - d. Temporary, preliminary, and permanent injunctive relief;
  - e. Appointment of a receiver to take charge of the asset transferred or other property of the transferee; and

f. Any other relief the circumstances may require, including damages payable by the Sunset Buyers to fully compensate Plaintiffs for their losses.

126. Plaintiffs reserve the right to supplement and request that their claims under  
RCW 19.40 be conformed to the evidence obtained in discovery and admissible at trial.

## **EIGHTH CAUSE OF ACTION**

## **MONEY HAD AND RECEIVED / CONVERSION**

127. Plaintiffs reallege and incorporate all allegations of this Complaint.

128. Plaintiff invested millions of dollars in cash with WST.

129. Defendants received, benefited from, and have wrongfully retained Plaintiffs' funds despite Plaintiffs' demands.

130. Plaintiffs are entitled to restoration of the amount of money conferred to WST, and all other relief afforded by Washington law, in an amount to be proven at trial.

## **NINTH CAUSE OF ACTION**

## **UNJUST ENRICHMENT / RESTITUTION**

131. Plaintiffs reallege and incorporate all allegations of this Complaint.

132. Plaintiff invested millions of dollars in cash with WST.

133. WST received, benefited from, and have wrongfully retained Plaintiffs' funds despite Plaintiffs' demands.

134. Plaintiffs are entitled to restoration of the value of the benefits conferred on and or restitution as applicable remedies, and all other relief afforded by Washington law, including but not limited to equitable subordination, in an amount to be proven at trial.

**TENTH CAUSE OF ACTION (IN THE ALTERNATIVE)**

# **BREACH OF CONTRACT / BREACH OF IMPLIED COVENANT OF GOOD FAITH AND FAIR DEALING / ANTICIPATORY REPUDIATION**

135. Plaintiffs reallege and incorporate all allegations of this Complaint.

136. This cause of action is pled in the alternative to Causes of Action One through  
Nine insofar as any of the unregistered securities transactions and/or fraudulently induced  
written purchase orders, franchise agreements, buyback agreements, service agreements, loan  
agreements, guaranties, security agreements, or any other related agreements, as applicable,  
are deemed valid and enforceable, and Plaintiffs make an election to proceed on this theory  
at trial:

137. To the extent such agreements are deemed validly formed and enforceable, WST has repudiated and breached said agreements for, among other things, failing to perform all material terms of said agreements, including, but not limited to, failing to remit the payments promised to Plaintiffs and failing to promptly cure defective performance. WST also violated the duty of good faith and fair dealing related to such agreements and breached extrinsic promises and assurances to Plaintiffs related to WST's promised performance of the subject purchase orders, franchise agreements, buyback agreements, and service agreements.

138. To the extent such agreements are deemed validly formed and enforceable, WST has anticipatorily repudiated said agreements. Among other things, WST has stopped making the promised payments for many months—in some cases for over a year. Further, WST has expressly or impliedly confirmed its inability to make such payments or resume making such payments or other performance with its obligations under said agreements. WST's repudiation has substantially impaired the value of such agreements and caused Plaintiffs substantial harm.

139. Plaintiffs have complied with or substantially complied with in good faith any and all notice of default provisions under any applicable agreement under the circumstances. Any agreements have been breached, repudiated and/or anticipatorily repudiated by WST.

140. Plaintiffs are entitled to all available damages and remedies under Washington  
at law, in an amount and of a nature proven at trial, including but not limited to rescission and  
return of their principal investments plus interest, expectation damages, consequential losses,  
and incidental damages.

## **REQUEST FOR RELIEF**

WHEREFORE, Plaintiffs respectfully requests that the Court award the following relief:

1. For orders conforming Plaintiffs' claims to the evidence developed in discovery:

2. For an award of economic and non-economic damages and equitable relief against Defendants for Plaintiffs' claims in an amount and of a nature to be determined at trial;

3. For prejudgment interest on any portion of the damages award that is for a liquidated amount:

4. For an award of rescission, with all damages owed jointly and severally by all Defendants resulting from Defendants' violations of RCW 21.20;

5. For temporary, preliminary, and permanent injunctive relief enjoining and restraining the Defendants and their representatives, officers, agents, affiliates, owners, or successors, from continuing to engage in the unlawful conduct complained of herein, including transferring any funds or assets away from or between Defendants, or otherwise hindering or delaying the recovery of Plaintiffs' claim, and/or appointing a receiver;

1       6. For all available remedies under Chapter 19.40 RCW, including, without  
2 limitation:

- 3           a. Money damages for the value of the asset transferred in the amount necessary  
4           to satisfy Plaintiffs' claims and in an amount to be proven at trial;  
5           b. Avoidance of the transfer to the extent necessary to satisfy Plaintiffs' claims;  
6           c. Attachment or any other provisional remedy against the asset transferred or  
7           other property of the transferee as available under applicable law;  
8           d. Temporary, preliminary, and permanent injunctive relief enjoining and  
9           restricting further disposition by Defendants of the Sunset Property or other  
10          property sufficient to satisfy Plaintiffs' claims;  
11          e. Appointment of a receiver to take charge of the asset transferred or other  
12          property of the transferee; and  
13          f. Any other relief the circumstances may require, including damages payable by  
14          Defendants or third parties.

- 15       7. For alter ego liability / piercing the corporate veil as applicable;  
16       8. For an award of attorneys' fees and costs incurred in this action,  
17       9. For restitution, rescission, and legal or equitable subordination in favor of

18 Plaintiffs' claims;

- 19       10. Civil penalties under applicable statutes;  
20       11. Punitive damages;  
21       12. Subordination of competing priority interests; and  
22       13. For such other and further relief as the Court deems just, equitable, or

23 warranted by law.

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DATED this 15th day of April, 2024.

CORR CRONIN LLP

*s/John T. Bender*

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